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SENSITIVE

DEPT FOR WHA/CAN (HOLST/NELSON), INR (SALCEDO) AND OES/EGC
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TAGS: [ECON](#) [ENRG](#) [PGOV](#) [CA](#)

SUBJECT: CHANGES AT CANADA'S NATURAL RESOURCES MINISTRY:
CAN THEY STOP THE LOSS OF CABINET CLOUT?

[1](#)1. (U) Sensitive, but unclassified. Not for distribution outside USG channels.

[1](#)2. (U) Pending a cabinet shuffle or an election, GOC Revenue Minister John McCallum now simultaneously carries the GOC's Natural Resources portfolio, as John Efford has left Cabinet due to ill health. Meanwhile, the new Deputy Minister of Natural Resources is Richard Fadden, replacing George Anderson. Biographical notes on Minister McCallum and Deputy Minister Fadden follow in paragraphs 7-8.

[1](#)3. (SBU) Natural Resources Canada (NRCan) is the federal energy ministry for the United States' largest energy supplier. The Natural Resources department (which also has responsibility for forests and mining) is home to a much of the GOC's energy research and development capacity, including the CANMET Energy Technology Centre.

[1](#)4. (SBU) NRCan has been in competition with Environment Canada (EC) (and to a much lesser extent with Industry Canada) for control of climate change policy within the GOC, particularly as Canada prepares to host the COP-11 meetings in Montreal in November. Traditionally, NRCan was the stronger department and the more senior portfolio. However, former Minister John Efford has been increasingly ill and absent from Ottawa, and since Anderson left the Deputy's job in May 2005, NRCan was virtually rudderless. Meanwhile, over the past year under the assertive ministry of Stephane Dion (and his Deputy, Samy Watson), Environment Canada has effectively seized the lead on climate change. Indeed, Dion and Watson were seen by some as "taking advantage" of the drifting situation at NRCan and plotting to acquire various NRCan functions, with a view to building the Environment ministry into a senior economic policymaking role.

COMMENT

[1](#)5. (SBU) The Prime Minister's decision to put NRCan under Revenue Minister McCallum's wing defers the need to orchestrate a more extensive Cabinet shuffle. However, senior NRCan insiders are not reassured. Now, in addition to fending off "predatory" moves by EC, they say they must protect their turf against encroachment from McCallum's staff, who are not overly busy at Canada Revenue Agency and "now have a new place to land and meddle."

[1](#)6. (SBU) At this time, we do not foresee that these difficulties at NRCan will have an impact on U.S. interests. NRCan will likely obtain a full-time minister within a few months, whether due to an election or a cabinet shuffle. Key energy files which will eventually require NRCan decisions - such as the Alaska and Mackenzie natural gas pipeline projects - are not yet urgent and can be managed to some extent through the Cabinet energy policy committee (whose Chair, Deputy Prime Minister Anne McLellan, is a former NRCan minister). The main international consequence of NRCan's leadership hiatus will be to give Environment Minister Stephane Dion a more secure lead on climate change policy in the run-up to COP-11.

REVENUE / NATURAL RESOURCES MINISTER JOHN MCCALLUM

[1](#)7. (U) John McCallum has served as Minister of National Defence and as Parliamentary Secretary for International

Financial Institutions. He has been Minister of Revenue since July 2004. Before entering politics in 2000, he was senior vice-president and chief economist of the Royal Bank of Canada, the country's largest financial institution. A native of Montreal, he was educated in Britain, France and Canada.

DEPUTY NATURAL RESOURCES MINISTER RICHARD FADDEN

18. (U) Richard Fadden was President of the Canadian Food Inspection Agency from 2002 until 2005. Previously, he served as Deputy Clerk of the Privy Council (a formal term for the federal Cabinet), where he had additional duties as Security and Intelligence Coordinator. He is a career public servant and a lawyer.

WILKINS